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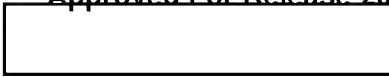
Q. Joint Study Group Report on Foreign Intelligence Activities

At a meeting in May 1960 the Director of Central Intelligence, the Secretary of Defense, the Director of the Bureau of the Budget and the Special Assistant to the President for National Security Affairs met with the President's Board of Consultants on Foreign Intelligence Activities to discuss a Bureau of the Budget proposal for a study on all U.S. foreign intelligence activities. It was agreed that such a study should be conducted but, rather than by the Bureau of the Budget, it was decided to establish an ad hoc Joint Study Group under the direction of the DCI. ____/

In July 1960 the Terms of Reference for such a Group had been agreed upon by the principals who would be represented, and had been approved by the President. The stated purpose of the Group was to promote the most effective and efficient use of intelligence resources and to assist the DCI in carrying out his responsibilities for coordinating foreign intelligence activities. The establishment of this Group also reflected the desire of President Eisenhower to leave for the benefit and guidance of his successor a series of up-to-date reviews and studies, particularly in the field of national security.

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6



The membership of the Joint Study Group consisted of representatives of the Director of Central Intelligence (who designated Lyman B. Kirkpatrick, the Inspector General of CIA, as the Chairman), the Secretary of State, the Secretary of Defense, the Special Assistant to the President for National Security Affairs and the Director of the Bureau of the Budget. A representative of the President's Board of Consultants on Foreign Intelligence Activities and the Assistant to the DCI for Coordination participated with the Group as observers. The members of this Group were all senior officials with varying degrees of knowledge and experience in the intelligence field, but their report as it finally developed represented a sincere effort to serve the overall national interest rather than that of any particular department or agency. In addition to

Lyman Kirkpatrick as Chairman, the Joint Study Group consisted of Allan Evans, Special Assistant to the Director of Intelligence and Research in the Department of State; Marine General Graves Erskine, Assistant to the Secretary of Defense for Special Operations and the Defense Member of USIB; Robert Macy, Chief of the International Division in the Budget Bureau; and the

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 196 -
TOP SECRET

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

author, James Lay , then Executive Secretary of the National Security Council. The observers were J. Patrick Coyne, then Executive Secretary of the President's Board, and Brigadier

then Assistant to the DCI for Coordination.

By its Terms of Reference, the Group was to concentrate its attention primarily on the organizational and management aspects of the foreign intelligence effort. Specifically it was to examine requirements, the adaptation of collection assets to changing needs, methods for periodic evaluations, military intelligence coordinating machinery, the implementation of intelligence directives, and coordination of research and development. The Group was to report its findings and recommendations by 15 December 1960 for appropriate action to the DCI for consideration by the principals, after which it was to be dissolved. The Study Group met as a body 90 times to receive briefings or presentations or engage in discussions with 51 organizations. While most of the meetings were held in Washington, the Group visited certain major and intelligence installations elsewhere in the U.S., /embassies, major

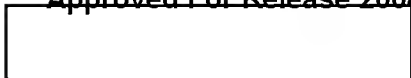
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- 197 -

TOP SECRET

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Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6



military commands and intelligence installations in England, France and Germany. Finally the Group solicited views on its major proposals in meetings with each of the USIB members except the FBI and AEC. Its report was submitted on the due date of 15 December 1960.

The report contained sections analyzing the intelligence community, military intelligence, NSA, collection resources, requirements and evaluations, coordination, intelligence costs, research and development, and the future of intelligence. It submitted 43 recommendations covering various aspects of these subjects. At meetings on 5 and 12 January 1961, the National Security Council with the President in the Chair considered the Joint Study Group Report, together with the views of the Group's principals regarding the report as consolidated by the DCI. In summary the NSC concurred in 31 of the Group's recommendations as written, concurred in 10 other recommendations with modifications in the form of provisos, understandings or amended wording, assigned the functions in one recommendation to a different group, and deferred action on one recommendation. The NSC also approved a new NSCID No. 8 establishing the National Photographic Interpretation Center under CIA, and amended NSCID Nos. 1, 2, 3, 5 and 6 to reflect assignments of

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 198 -

TOP SECRET

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

of responsibility to the Secretary or Department of Defense which had been previously exercised by the JCS or military intelligence services. The NSC also noted the President's conviction that further streamlining of the entire foreign intelligence organization still needed to be accomplished. President Eisenhower approved these NSC actions on 18 January 1961, two days before the inauguration of President Kennedy. ___/ This approval by the President and the NSC of essentially all of the Joint Study Group's recommendations except two of them indicated an unusual measure of agreement and support for the Group's work, which as will be described later was generally to be affirmed by the incoming administration. The recommendations of the Joint Study Group which would affect the activities of USIB, together with the actions of the NSC and the President thereon, are summarized by general category in the following paragraphs.

The substance of the report began with a brief summary of the intelligence community, noting that over [] people were primarily engaged in the foreign intelligence effort. About half of these were in the continental U.S. with the other half overseas, while about 87 percent of the total were in the Department of Defense. The report then made several observations about the USIB. It noted that there were six military member agencies from differing echelons

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Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 199 -

TOP SECRET

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

25X1

in the Defense Department as compared with four civilian agencies, only two of whom were major collectors and producers of foreign intelligence. It also called attention to the 26 committees operating under the USIB. The Group concluded that the USIB was primarily a deliberative body giving final shape to estimates as the capstone of intelligence effort, but that it had by no means devoted equally adequate time to its coordinative responsibilities or provided overall program guidance for the community. It felt that the Board had slighted its managerial responsibilities and believed that there should be a USIB mechanism concerned with such matters.

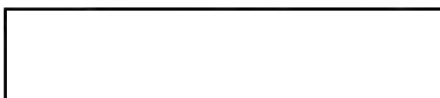
The Group's report then analyzed the Defense intelligence organization and its field operations. This appraisal paid particular attention to possibilities for closer integration under the authority of the Department of Defense Reorganization Act of 1958, under which the strengthened position of the Joint Chiefs of Staff in the command line from the Secretary of Defense was gradually emerging. The Group found that the concept of this Act had not been fully realized in the field of intelligence. Consequently the Group's first recommendation was that the Secretary of Defense take action to bring the military intelligence organization into full consonance with the concept of that

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 200 -

TOP SECRET

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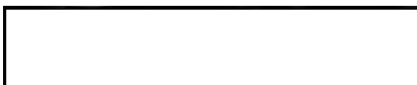
Act by (a) establishing in his office a focal point for broad manage-
over
ment review authority / military intelligence programs and overall
and
coordination of Defense intelligence activities, / (b) strengthening the
authority of the JCS in intelligence coordination and operations by
placing increased intelligence resources under its control, and
by requiring JCS coordination within Defense of substantive intelligence
matters (notably estimates), intelligence requirements, and the
intelligence activities of the unified and specified commands
including guidance and direction. The President and the NSC concurred
in this recommendation provided that implementation take place
after study by the JCS and in a manner established by the Secretary
of Defense. Other recommendations regarding Defense concerned
the use of existing resources, budgeting procedures, selection
and training of personnel, a capability for clandestine intelligence
collection, and changes in the Special Security Officer system.

The following chapter on the National Security Agency,
in addition to three recommendations calling for Defense reexamination
or reviews related to COMINT and ELINT activities, also
recommended that the USIB reappraise security clearance
standards for foreign born translators to determine whether the
current shortage of translators could be alleviated by modified
security procedures and practices. This recommendation was
concurrent in by the President and the NSC

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

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The Group's chapter appraising collection and related resources was divided into four major fields : overt, signal intelligence, visual-aerial and clandestine. It noted that one serious problem relating to signal intelligence and the photographic intelligence field resulted from the security classification system then in use. Aside from the tendency to over-classify, the special security handling required for a significant portion of intelligence information had at times deprived key personnel of information vital to discharging their responsibilities. Practices also varied regarding the granting of special intelligence security clearances. The Group noted that even the National Indications Center (NIC) was sometimes deprived of vital information on security grounds, despite its role of informing promptly and fully top U.S. officials on critical events affecting the national security. The Group therefore recommended that the USIB review existing compartmentation of sensitive information with the view of achieving more uniform practices and ensuring that essential safeguards would not result in vital information being withheld from officials and organizations with urgent national security responsibilities. The USIB was also to review the situation in the NIC to determine the adequacy and level of staffing and to assure that all information pertinent to its mission (including highly classified and sensitive information) be transmitted

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

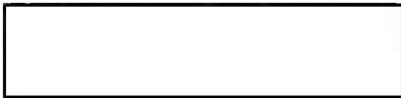
- 202 -

TOP SECRET

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

25X1



to the center promptly on its receipt. The President and the NSC concurred in these recommendations. The Group also commented that too little attention was paid to counterintelligence and security efforts, due in part to the high cost of security protection to offset the intensity and scope of Communist efforts to penetrate U.S. classified operations overseas. It recommended that the DCI focus community attention on the important area of counterintelligence and security of overseas personnel and installations, and assign responsibility for periodic reports to the USIB. In this case, the President and the NSC concurred subject to deleting reference to periodic reports to the USIB, substituting therefore ^a requirement that the agencies concerned make periodic reports to their agency heads.

One section of the chapter on requirements and evaluation discussed the role of USIB, particularly related to those important responsibilities for establishing intelligence objectives, requirements and priorities as a basis for managing the national effort. In this connection the limitations and difficulties of applying Priority National Objectives Intelligence / were discussed. The evaluation responsibilities of the USIB in continually reviewing the pertinence, extent and quality of available intelligence was also cited. The Group noted that most of the problems in the requirements field were predicated

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 203 -

TOP SECRET

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6



on the lack of central coordination of requirements, especially in tailoring them to collection assets or resources and in eliminating unnecessary duplication. The Joint Study Group therefore recommended that the USIB establish a central requirements facility initially coordinating requirements for clandestine and signal intelligence collection, and if successful, subsequently expanding to other types of requirements. It was also recommended that this new facility use CIA's Office of Central Reference as its reference facility. In addition the USIB was to establish a program for integrating all collection requirements manuals into a compatible and series of coordinated guides, creating integrated requirements guides on a country-to-country basis setting forth specific requirements and responsibilities of each department and agency concerned. The President and NSC concurred in principle with these three recommendations and referred them to USIB for implementation in consultation with the Secretary of Defense and the Joint Chiefs of Staff.

The Group further recommended that the USIB in its annual evaluation of community effort prepared for the NSC pay specific attention to collection, and request similar evaluation from each chief of mission and military command. This recommendation was concurred in by the President and the NSC.

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 204 -
TOP SECRET

TOP SECRET

25X1



The key chapter on coordination started with an analysis of the basic philosophy of coordination on which the Group found no common understanding of how coordination should be achieved and a lack of clarity regarding the relation of the DCI and of CIA to the responsibilities of coordination. It noted that throughout the government the philosophy of coordination ranged from the concept of command to one of persuasion.

Recognizing that the DCI had several responsibilities, one to command CIA and another to coordinate foreign intelligence and activities within / outside CIA the Group gave lengthy consideration to the possible separation of the role of the DCI from that of the head of CIA. The Group noted that such separation could be accomplished in two ways: (a) by separating the DCI and a small staff of assistants, or (b) by separating the DCI plus estimating, current intelligence, and planning and coordination staffs. The report outlined the potential advantages of such a separation as eliminating objections to the DCI commanding one of the agencies he is coordinating, and as permitting him to spend more time on coordination. On the other hand, the following disadvantages were cited.

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

25X1

First, the President could no longer look to one man to brief him on both intelligence and covert action matters. Further, there was danger that the DCI and his staff would tend to get out of touch with practical operational problems of the community. In addition, if assisted by only a small staff, he might be able to achieve less coordination than under the conditions then existing. The other possibility was that the DCI would end up with a large staff with little or no offsetting reductions in CIA or elsewhere in the community. Finally, it was noted that such a separation would require changing the basic law for CIA.

The Study Group, except its Defense representative, felt that the actions recommended in its report should help eliminate to objections/the organizational arrangement then existing for the DCI. Examples of such actions mentioned included the proposal for a staff drawn from the entire community attached directly to his office to assist him in coordination, and corrective actions to resolve the Army-CIA dispute over clandestine collection. All except the Defense member of the Group felt that these recommended actions should be given a fair trial, and only if the DCI's role was still in question after a reasonable time should complete separation

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 206 -

TOP SECRET

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

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of the DCI from CIA be seriously considered. General Erskine as the Defense representative however disagreed with these views, noting that the existing system had been in existence for ten years without achieving proper coordination. He therefore recommended separation at that time, in accordance with the second alternative of separating the DCI plus estimating, current intelligence, and planning and coordination staffs.

Following an analysis of the directives concerned with coordination, the group expressed its belief that the authority and responsibility assigned to USIB made that body the principal mechanism for assisting the DCI in coordinating U.S. foreign intelligence activities. The Group felt that the intelligence programs developed by the member agencies, especially their planned allocation of effort, should be reviewed by USIB for consistency and guidance prior to submission of budget estimates within the departments and agencies. It was not believed however that the Board was organized in a way to achieve truly effective management. The Group believed that the DCI had ample authority to carry his assigned role as coordinator, and it was convinced that the DCI and USIB together had a combination of assigned

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 207 -

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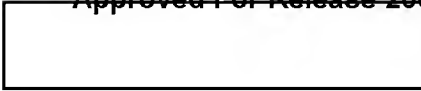


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authorities and responsibilities enabling and requiring them to exercise a stronger role in improving the management of the intelligence community. The Joint Study Group therefore / made the following recommendations to improve the coordination and management of the intelligence community:

a. The DCI should take action to achieve more effective coordination using normal command channels as distinct from staff channels of the departments and agencies concerned.

b. The DCI should be supported in taking leadership and initiative to develop solutions for the problems of coordination by establishing a coordination staff, under his personal supervision and separate from operational responsibility of the CIA or other agencies. This staff should seek to identify and promptly recommend solutions to coordination problems especially through surveys authorized by NSCID No. 1. (A footnote to this recommendation cited the Defense dissent regarding separation of the DCI from CIA, which as indicated below was not accepted by the President and the NSC.)



c. In phase with the organizational changes in the Department of Defense previously recommended, the USIB membership should be reduced to four members who would be the DCI as Chairman and representatives of the Secretary of State, Secretary of Defense, and the JCS, with ad hoc representation from the FBI and AEC.

d. USIB should establish a management group which would analyze and propose solutions to non-substantive community problems of the administrative or management type; such group to be composed of one senior representative of each USIB member. (The concept of this management group was based in part on the Operations Deputies of the JCS as they then functioned.)

e. USIB through this management group should review the future plans and programs of each member agency for consistency and proper allocation of effort at the beginning of each annual budget cycle, to serve as a basis for guidance and coordination and for reporting to the NSC annually.



f. The management group should also review the functions and activities of the USIB committees, including possible changes in the committee structure and improved reporting procedures.

g. Four other recommendations concerning coordination proposed actions regarding military commands, diplomatic and consular missions, and coordination of clandestine activities.

The President and the NSC concurred in the recommendations in a. and b. above. Implementation of the recommendation in c. was to be taken in phase with the carrying out of the related internal adjustments within the Defense intelligence components. In lieu of the management group recommended in d., the President and NSC assigned its proposed functions to the coordination staff recommended in b. Subject to that reassignment, the recommendations in e. and f. were approved by the President and the NSC.

A chapter on the cost of the foreign intelligence effort noted the complexities involved in analyzing such costs, including the problem of operational, research and development and procurement costs which were related to and supported foreign intelligence activities but were not considered intelligence costs. Considering

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

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these complexities the Study Group suggested/an annual range of
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effort at that time. The Group therefore recommended that the
USIB refine and improve its process for preparing and appraising
cost and manpower data by (a) making a clear and
specific determination as to those foreign intelligence activities
subject to the coordination of the DCI and the guidance of USIB, and
(b) evolving an improving pattern for developing cost and manpower
data so that the resultant figures would be comparable and permit
USIB review and coordination of the effort expended on foreign
intelligence activities. This recommendation was approved
by the President and the NSC. Another chapter on research and
development activities for intelligence purposes recommended
better coordination by Defense and CIA of such activities. The Board
also recommended that the USIB monitor efforts to develop
automatic systems to store and retrieve intelligence information
and the extent to which compatibility of systems was assured, and
that the USIB strongly support the efforts in the counteraudio
surveillance field by the NSC's Special Committee on Technical
Surveillance Countermeasures. The President and the NSC approved
these recommendations.

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 211 -

TOP SECRET

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6



Finally the Joint Study Group Report took a look at the future and foresaw no diminution in the importance of the role of intelligence in support of national security. The Group noted that intelligence would require great resources in manpower and money, and management of this effort would demand leadership of the highest order if intelligence needs were to be met from resources available. The Group's final conclusion was that a primary responsibility before the intelligence community was long-range planning. The Group's last recommendation therefore urged the intelligence community to^a markedly greater extent than it had done, to establish specific arrangements for planning its work and anticipating its problems. This recommendation was also approved by the President and the NSC.

Aside from its recommendations as such, the Joint Study Group Report made a significant contribution to the foreign intelligence effort by bringing directly to the attention of the President and the National Security Council as well as the Director of Central Intelligence and the U.S. Intelligence Board the major shortcomings, disputes, and difficulties which needed to be overcome in order to improve the organization and management of the intelligence community. As a result, most of the

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

- 212 -

TOP SECRET

TOP SECRET

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

recommendations regarding reorganization of military intelligence, the role of the DCI as coordinator and the revised structure and functions of USIB were implemented over the next few years in concept if not always in the specific form proposed by the Group. With Allen Dulles continuing as DCI for the first ten months under President Kennedy, the Group's Report in effect provided a useful bridge and guideposts for initiating actions by the new administration to strengthen the national intelligence effort. Actual implementation of most of the Group's recommendations occurred under John McCone as DCI, particularly with the support of Presidents Kennedy and Johnson in his enhanced role as coordinator and effective use of the USIB in advising and assisting him. Actions subsequently taken by President Nixon in reorganizing the intelligence community under the increased coordinating authority of Richard Helms as DCI could also be viewed as a further extension of the basic concepts embodied in the Joint Study Group Report, which then Vice President Nixon had considered as a member of the NSC.

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6
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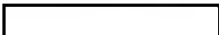
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Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6



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Joint Study Group Report on Foreign Intelligence
Activities of the U.S. Government, 15 Dec 60,
(TS 172800) and record of action thereon by the
National Security Council at its Four Hundred
Seventy-Third and Four Hundred Seventy-Fourth
Meetings on 5 Jan and 12 Jan 61 as approved by
the President on 10 Jan and 18 Jan 61, USIB/S
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Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

TOP SECRET

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Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6

Approved For Release 2004/06/24 : CIA-RDP79M00098A000200030001-6